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Theme International Holdings Limited

(Incorporated in Bermuda with limited liability) (Stock Code: 990)

Annual Report
2016

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Corporate Information

Board of Directors

Executive Directors

Mr. Ng Chi Lung (*appointed as Executive Director and Vice Chairman on 1 April 2016*)

Ms. Wong Fung Chi (*appointed as Chairman on 6 January 2016 and resigned as Executive Director and Chairman on 1 April 2016*)

Mr. Wong Hok Bun, Mario

Mr. Wong Lik Ping (*resigned as Executive Director and Chairman on 6 January 2016*)

Mr. Liu Bing (*resigned on 1 January 2016*)

Mr. Wu Lei (*appointed on 1 October 2016*)

Non-Executive Director

Ms. Chen Jing (*appointed on 1 October 2016*)

Independent Non-Executive Directors

Mr. Chan Chi Ming, Tony

Mr. Wu Shiming

Mr. Chan Wah

Audit Committee

Mr. Chan Chi Ming, Tony (*Chairman*)

Mr. Wu Shiming

Mr. Chan Wah

Remuneration Committee

Mr. Chan Chi Ming, Tony (*Chairman*)

Mr. Wu Shiming

Mr. Chan Wah

Nomination Committee

Mr. Chan Chi Ming, Tony (*Chairman*)

Mr. Wu Shiming

Mr. Chan Wah

Mr. Liu Bing (*resigned on 1 January 2016*)

Company Secretary

Mr. Wong Hok Bun, Mario

Corporate Information

Authorised Representative

Mr. Ng Chi Lung (*appointed on 1 April 2016*)

Mr. Wong Hok Bun, Mario

Ms. Wong Fung Chi (*resigned on 1 April 2016*)

Auditor

ZHONGHUI ANDA CPA Limited

Unit 701, Citicorp Centre

18 Whitfield Road

Causeway Bay, Hong Kong

Legal advisers on Bermuda Law

Conyers Dill & Pearman

29th Floor, One Exchange Square

8 Connaught Place

Central, Hong Kong

Legal advisers on Hong Kong Law

Angela Ho & Associates

Unit 1405, 14/F., Tower 1

Admiralty Centre

18 Harcourt Road, Hong Kong

Li & Partners

22/F, World Wide House

Central, Hong Kong

Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Head Office & Principal Place Of Business in Hong Kong

Suite 3604, 36/F., West Tower, Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

Corporate Information

Principal Bankers

Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
Chiyu Banking Corporation Limited
Oversea-Chinese Banking Corporation Limited
ING Bank N.V.
ABN AMRO BANK N.V.

Principal Share Registrar & Transfer Office

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Sub-Registrar & Transfer Agent in Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Stock Code

990

Website

www.990.com.hk

Vice Chairman's Statement

On behalf of the Board (the “**Board**”) of Directors (the “**Director(s)**”) of Theme International Holdings Limited (“**Theme**” or the “**Company**”) and its subsidiaries (collectively as the “**Group**”), I am pleased to present the annual results of the Group for the year ended 31 December 2016 (the “**Year**”).

In March 2016, in view of the disappointing performance of the Taiwan garment retailing business, Theme resolved to cease the garment retailing business by the end of March 2016, after all the remaining inventory was sold, to prevent further loss.

Since the cessation of Taiwan garment retailing business, Theme focused on the development of the Group's remaining two businesses, namely, the distribution and trading business and loan financing services business. Theme started these two new businesses in mid-2015 and 2016 was the first full year operation of the two new businesses where revenue of the two new businesses have increased by approximately 47.4 times and 6.6 times respectively in the Year as compared to 2015.

Despite encountered many difficulties upon entering and operating the two new businesses, the two new businesses managed to record segment profit in the Year of approximately Hong Kong dollars (“**HK\$**”) 6,048,000 and approximately HK\$1,904,000 respectively. The two new businesses are still in their startup stage and the management believes the continuing development of these two new businesses will provide Theme a good opportunity to turnaround in 2017.

Theme issued 877,000,000 new shares of the Company under general mandate in January 2016 to further enhance the working capital of the Group. The Group subsequently applied the net proceeds from the issuance of the new shares to develop a new commodity line, namely iron ore trading, in the Year.

The Group traded iron ore mainly in the Year, sourcing iron ore from overseas market and selling to customers in the People's Republic of China (the “**PRC**”). Iron ore has recorded a significant gain in 2016 where iron ore price has jumped from United States dollars (“**US\$**”) 43.25 per tonne at the beginning of the year to US\$79.65 per tonne at the end of the year. The continuous increase in iron ore price, couple with the PRC's new record of iron ore import from overseas of 1.024 billion tonnes in 2016, gave the Group the opportunity to enter the iron ore market in a profitable way.

Despite growth is slowing in the PRC, the PRC government's effort in closing low grade iron ore mines to curb air pollution have led to the increasing demand of higher quality imports from Australia and Brazil. Moreover, the property sector in the PRC was growing and the demand for constructions materials has increased continuously in the PRC. Import of iron ore from overseas to the PRC have increased by 7.5% from 952 million tonnes of iron ore in 2015 to 1.024 billion tonnes in 2016. We believe the trend will continue in 2017 and there is a huge potential in iron ore trading into the PRC and this provide a good opportunity for Theme to expand further in this aspect.

Vice Chairman's Statement

The Group entered into loan financing services business by successfully applied its money lenders licence in June 2015. During the Year, the maximum amount of loans outstanding at a time was HK\$65.39 million and the interest rate of the loans granted ranged from 10% to 15.6% per annum.

The loan financing services business provides Theme with a steady cashflow and positive return. The Group will continuously evaluate the performance of the loans to ensure risk to the Group is minimal. We believe there is a huge potential in the money lending market in Hong Kong with bank mortgage harder to obtain from banks and this provide a good opportunity for Theme to grow in this aspect.

In 2017, the Group will continue its expansion into two new segments. As announced in the Company's announcement on 14 December 2016, Theme has submitted its application for securities licences covering several regulated activities under the Securities and Futures Ordinance ("**SFO**"). The Group aims to establish a full service securities firm which could better serve customers in Hong Kong and Asia.

Also, the Group will also expand its trading business by trading other bulk commodities products, including steel products. Theme hopes the two businesses can further improve and can bring positive impact to the Group's financial performance in 2017. The Group will try its best effort to achieve a financial growth for the Group to maximise shareholders' value.

I would like to take this opportunity to express my deepest gratitude to all the shareholders, my fellow directors, management team and staff to the Group for their support and contributions to the Group throughout the year.

Ng Chi Lung

Vice Chairman and Executive Director

Hong Kong, 22 March 2017

Management Discussion and Analysis

Theme International Holdings Limited and its subsidiaries are principally engaged in (i) loan financing services in Hong Kong; and (ii) trading of chemical materials and commodities in Hong Kong and Singapore. In the first quarter of 2016, the Group was also engaged in retailing garments through the operation of retail outlets and department store counters in Taiwan. The garment retail business was ceased by the end of March 2016.

Financial and Business Review

Revenue, loss for the year and basic loss per share of the Group for the years ended 31 December 2016 and 2015 are summarised as follows:

	Revenue		Loss for the year		Basic loss per share	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016	2015
From operations	1,581,947	55,044	(25,937)	(23,383)	HK(0.50) cents	HK(0.55) cents

The Group recorded total revenue of approximately HK\$1,581,947,000 (2015: approximately HK\$55,044,000) for the Year, representing an increase of approximately 28.7 times over corresponding prior year.

Reference is made to the announcements of the Company dated 6 November 2015 and 18 March 2016, since the Group's garment retail business segment recorded losses for the past five financial years, coupled with the fact that operating cost was increasing and the business environment in retailing garments in Taiwan was highly competitive, the Board resolved to cease the garment retailing business in Taiwan by the end of the first quarter of 2016.

Due to the ceassation of Taiwan's garment retailing business, the Group recorded a decrease in garment retailing revenue to approximately HK\$743,000 in the Year from approximately HK\$21,089,000 in the corresponding period last year.

Management Discussion and Analysis

The decrease in revenue from garment retailing business was offset by the increase in revenue generated by the two new business segments that commenced operation in mid 2015. The loan financing services business and distribution and trading business contributed revenue of approximately HK\$4,850,000 (2015: approximately HK\$730,000) and approximately HK\$1,576,354,000 (2015: approximately HK\$33,225,000) respectively for the Year.

The maximum amount of loans outstanding at a time during the Year was HK\$65,390,000. The loans carries fixed interest rates from 10% to 15.6% per annum and provide a steady income stream to the Group. Loan interest income of approximately HK\$4,850,000 (2015: approximately HK\$730,000) was recorded by the wholly-owned subsidiary of the Company, Asia Develop Limited, which engages in loan financing services and holds a Money Lenders Licence, during the Year.

The loan financing services business has recorded a segment profit of approximately HK\$1,904,000 in the Year, a significant improvement as compared to a segment loss of approximately HK\$3,620,000 recorded in the year ended 31 December 2015. 2016 is the first full operating year for the segment and the segment is able to record its first ever profit for the year.

The Group commenced its trading and distribution segment in May 2015. As disclosed in the Company's announcement dated 15 January 2016, the Group has tapped into iron ore trading business since December 2015. In the Year, the Group has recorded a total revenue of approximately HK\$1,576,354,000 (2015: approximately HK\$33,225,000). The volume of iron ore products traded in the Year was over 3,903,000 tonnes.

The distribution and trading business has recorded a segment profit of approximately HK\$6,048,000 in the Year, representing a 80.6 times increase as compared to approximately HK\$75,000 recorded in the year ended 31 December 2015. Theme raised new capital in the beginning of 2016 where proceeds of which were all applied to the distribution and trading segment. This has enhanced the scale of our distribution and trading operations and the Group has benefited from the expanded scale.

Segment loss from retailing of garment segment decreased from approximately HK\$12,319,000 in the corresponding prior year to approximately HK\$729,000 in the Year as a result of the ceassation of the garment retailing segment during the Year.

Corporate expenses (excluding the one-off, non-cash, equity-settled share-based expenses of approximately HK\$24,047,000) has decreased from approximately HK\$18,215,000 in the corresponding prior year to approximately HK\$11,459,000 in the Year. The Group has maintained a strict cost control policy and the expenses incurred by the head office decreased significantly in the Year. The Group will continue to build on the fundamental established in the Year to generate further return to the shareholders of the Group.

Management Discussion and Analysis

Gross profit margin of the Group decreased to approximately 0.81% in the Year from approximately 22.94% in 2015. The new distribution and trading business provides a steady income stream to the Group but with a much lower gross profit ratio as compared to the high gross profit in the garment retailing segment, therefore, lowering the overall gross profit of the Group in the Year.

Loss for the year increased to approximately HK\$25,937,000 in the Year from approximately HK\$23,383,000 for the corresponding prior period primarily due to an one-off, non-cash, equity-settled share-based expenses of approximately HK\$24,047,000 recorded in the Year. The expense was a result of the grant of share options to certain directors, employees and business associates of the Group on 6 April 2016. Details of the equity-settled share-based expenses is included in note 22 to the consolidated financial statements.

	2016	2015
	HK\$'000	HK\$'000
Loss for the year	(25,937)	(23,383)
Add back: Equity-settled share-based expenses	24,047	–
Underlying loss for the year	(1,890)	(23,383)

Excluding the one-off, non-cash, equity-settled share-based expenses of approximately HK\$24,047,000, the Group recorded an adjusted loss for the year of approximately HK\$1,890,000 in the Year, representing a decrease of approximately HK\$21,493,000 over the corresponding prior year. The decrease in loss for the year was mainly a result of the decrease in selling and distribution expenses by approximately HK\$17,065,000 and the decrease in administrative expenses by approximately HK\$6,756,000, offsetting by the increase in finance costs of approximately HK\$1,643,000 and the increase in current tax expenses of approximately HK\$374,000.

Basic loss per share decreased slightly to approximately HK0.50 cents for the Year from approximately HK0.55 cents for the year ended 31 December 2015.

Management Discussion and Analysis

Future Prospects

In view of the highly competitive business environment in retailing garments and with reference to the past poor financial performance of the Group, the Group has ceased its operations in garment retailing segment in 2016. In 2017, the Group will focus on the continuing development of the financial services business and the distribution and trading business.

(i) Financial services business

The Company is extending the scope of its principal activities to include the provision of a wide range of financial services, including securities brokerage services, future contracts brokerage services, placing and underwriting services, corporate finance advisory services, provision of margin financing, money lending business and investment advisory and asset management services.

– Money Lending

Since June 2015, the Group has commenced money lending business in Hong Kong through Asia Develop Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which has successfully obtained a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Group will continue to carry out its loan review and further develop loan financing operation. The Group's target customers are corporate customers in Hong Kong, with target loans denominated in Hong Kong dollars and are made for a period of one year in general but could be extended on mutual agreement, and carried interest at fixed rates ranging from 10% to 16% per annum. The loans are either secured by collaterals or backed by guarantee.

– Securities Dealing

As announced in the Company's announcement on 14 December 2016, the Group intends to extend the scope of its existing principal business activities to include the provision of securities and futures contracts brokerage services, placing and underwriting services, the provision of corporate finance advisory services, provision of margin financing, investment advisory and asset management services.

Management Discussion and Analysis

The Group is working towards establishing a full service securities firm registered under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities to facilitate securities and futures contracts trading and investments to the extent permitted under Hong Kong law. Revenue is expected to be generated in the form of, among others, brokerage commissions, margin financing interests, financial advisory fees, placing or underwriting commission/arrangement fees, fund management fees and derived from investment and trading in securities.

As at 31 December 2016, the Group has submitted its application for licences covering type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the SFO. Thereafter, the Group will further apply for licences covering other regulated activities, including type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

Hong Kong is the leading financial centre in Asia. With the Shanghai-Hong Kong Stock Connect programme and Shenzhen-Hong Kong Stock Connect programme launched in November 2014 and December 2016 respectively, the Board believes that there will be a lot of business opportunities in the financial services sector.

The Board considers that entering into the new businesses will provide good business opportunities to the Group and will diversify its business scope with a view to achieve better return to the Company and its shareholders.

(ii) Distribution and trading

The Group has tapped into trading business since May 2015 and has recorded a trading volume of approximately HK\$1,576,354,000 (2015: approximately HK\$33,225,000) during the Year. The Group is planning to expand the distribution and trading business by commencing the trading of other commodities, including steel products.

The Group has started trading steel products in January 2017 and the Group is in ongoing negotiation with current and potential suppliers for the purchase of further bulk commodities, including iron ore, steel products and other products.

Management Discussion and Analysis

Notwithstanding the annual economic growth rate in the PRC has been gradually slowing down in recent years, it is expected that it will grow at a more steady pace, and the continuous growth in the PRC's construction sector that leads to increasing demand of construction materials, the long term commodity demand from the PRC is expected to continue to rise and the management is of the view that the steady growth in commodity trading will bring a positive impact to the Group.

Seizing historic opportunities presented by the PRC's national economic initiatives and industrial transformation, such as "One Belt, One Road", the Group will continue its expansion in the distribution and trading segment in 2017 with a view to achieving the best interests of the Company and the Shareholders as a whole.

The Group will also continuously evaluate the performance of every single business unit of the Group and adjust its overall business strategy. The Board aims at further improving the operating profit of every business unit in order to improve the overall financial performance of the Group.

Fund Raising Activities

January 2016 Subscription

On 15 January 2016, the Company entered into a subscription agreement with Hua Lang Limited to allot and issue 877,000,000 new shares of the Company ("**Shares**") pursuant to the general mandate granted to the directors of the Company at the annual general meeting held on 17 April 2015 at a subscription price of HK\$0.14 each ("**January 2016 Subscription**").

The subscription agreement has been fulfilled and the completion of the January 2016 Subscription took place on 27 January 2016. The Company has applied the entire net proceeds from the subscription to further develop the distribution and trading business that the Group is developing. Details of the January 2016 Subscription are disclosed in the Company's announcements dated 15 and 27 January 2016 and in the "Use of Proceeds" section below.

Depending on the performance of the Group's business, market conditions, volume of customer's orders and the management's ability to secure further contracts, the Company will continue to review its funding needs. The Board may raise further fund if opportunities arise and it considers appropriate, and any further proceeds are expected to be used in the further development of the Group's business.

Management Discussion and Analysis

Significant Events

Mandatory conditional cash offers (the “Offers”)

As disclosed in the joint announcement dated 26 May 2016 and the composite offer and response document dated 29 June 2016 (the “**Composite Document**”) jointly issued by the Company and Wide Bridge Limited (the “**Offeror**”), the Board was informed by the Offeror that on 13 May 2016 and 19 May 2016, the Offeror has acquired a total of 1,609,700,000 shares of the Company (the “**Sale Share(s)**”) (representing approximately 30.59% of the entire issued share capital of the Company) at an aggregate cash consideration of approximately HK\$289,746,000, equivalent to HK\$0.18 per Sale Share. Completion of the transactions took place on or before 19 May 2016.

Upon completion of the transactions above, shareholdings of the Offeror and the parties acting in concert with it increased from approximately 0.02% to 30.61% of the issued share capital of the Company. Pursuant to the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Haitong International Securities Company Limited, on behalf of the Offeror, made mandatory conditional cash offers to acquire all the issued shares of the Company and to cancel all outstanding options of the Company (other than those already owned by the Offeror and parties acting in concert with it) at HK\$0.18 for each Share (“**Share Offer**”) and HK\$0.0001 for each outstanding option (“**Option Offer**”). Pursuant to the joint announcement dated 5 July 2016 jointly issued by the Company and the Offeror, the Offers have become unconditional in all respects on 5 July 2016. Pursuant to the joint announcement dated 20 July 2016 jointly issued by the Company and the Offeror, the Offers were closed on 20 July 2016 and the Offeror received valid acceptances in respect of a total of 1,060,221,100 Shares under the Share Offer (representing approximately 20.15% of the entire issued share capital of the Company); and a total of 133,500,000 options under the Option Offer.

Immediately after the close of the Offers, on 20 July 2016, the Offeror and parties acting in concert with it are interested in an aggregate of 2,670,961,100 Shares, representing approximately 50.75% of the entire issued share capital of the Company.

Charges on Assets

As at 31 December 2016, none of the Group’s assets was charged or subject to any encumbrance.

Management Discussion and Analysis

Contingent Liabilities

As at 31 December 2016, the Group had no material contingent liabilities.

Principal Risks And Uncertainties

Commodities price risk

The Group's revenue and profit for the year were affected by fluctuations in the commodities price as our goods are sold at the market prices and such fluctuation is beyond our control. The considerable fluctuation of commodities price would lead to the Group's instability in operating results, especially in the event of a significant drop in commodities price which would have an adverse impact to the Group's operating results.

Exposure to fluctuation in exchange rates

The Group conducts all of its distribution and trading business in US\$. Foreign currency exposure to US\$ is minimal, as the HK\$ is pegged to the US\$.

As at 31 December 2016, the Group's major assets and liabilities were denominated in the functional currencies of the respective group entities. The Group had minimal material exposure to foreign exchange fluctuation.

Counterparty credit and performance risk

The Group continuously monitor the credit quality of our counterparties and seek to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letter of credit.

Management Discussion and Analysis

Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Floating rate debt which is predominantly used to fund fast turning working capital is primarily based on US\$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Liquidity and Financial Resources

Following January 2016 Subscription, the Group has a strong financial position with net current assets of approximately HK\$201,657,000 (2015: approximately HK\$80,638,000), and net assets of approximately HK\$202,232,000 (2015: approximately HK\$81,409,000) respectively at 31 December 2016. As at 31 December 2016, there was no bank and other borrowings outstanding (2015: nil).

As at 31 December 2016, the current ratio (as defined as current assets divided by current liabilities) was 1.44 (2015: 1.64) and the gearing ratio (as defined as loans from a shareholder divided by net assets) was nil (2015: nil).

Capital Expenditure

The total capital expenditure of the Group for the Year was approximately HK\$13,000 for addition of furniture, fixtures and other equipment (2015: approximately HK\$1,988,000).

As at 31 December 2016 and 2015, the Group has no material capital expenditure commitments.

Human Resources

As at 31 December 2016, the Group had 11 employees in Hong Kong and 2 employees in Singapore. Other than the competitive remuneration package offered to the employees, share options may also be granted to the selected employees based on the Group's performance.

Management Discussion and Analysis

Use of Proceeds

The Company has conducted the following equity fund raising activity during the Year and subsequently after 31 December 2016:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
15 and 27 January 2016	Subscription of new shares under a general mandate	approximately HK\$122 million	Intended to be used for settlement of the payment for iron ore shipment contracts.	Proceeds utilised as intended.

Save as disclosed above, the Company had not conducted any other equity fund raising activities in the Year and the period immediately prior to the date of this Annual Report.

Material Acquisitions and Disposals

During the year 2016, there is no material acquisition or disposal of subsidiaries, associates and joint ventures.

Directors' Report

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2016.

Principal Activities and Business Review

Theme International Holdings Limited and its subsidiaries are principally engaged in (i) loan financing services in Hong Kong; and (ii) trading of chemical materials and commodities in Hong Kong and Singapore. In the first quarter of 2016, the Group was also engaged in retailing garments through the operation of retail outlets and department store counters in Taiwan. The garment retail business was ceased by the end of March 2016.

Particulars of the activities of the Company's principal subsidiaries during the year are set out in note 27 to the consolidated financial statements. Further discussion and analysis of these activities is required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 7 to 16 of this Annual Report. This discussion forms part of this Directors' Report.

Financial Results

The results of the Group for the year ended 31 December 2016 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 51 to 95.

Segment Information

An analysis to the Group's turnover and contribution to results by principal activities for the year ended 31 December 2016 is set out in note 6 to the consolidated financial statements.

Dividends

The Board does not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

Directors' Report

Share Capital

Details of movements in the share capital of the Company during the year ended 31 December 2016 are set out in note 21 to the consolidated financial statements.

Equity Linked Agreements

Other than the share-based compensation as disclosed in note 22 to the consolidated financial statements, no equity linked agreements were entered into by the Company during the year ended 31 December 2016 or subsisted at the end of the year.

Reserves

Details of the movements in reserves of the Company and the Group during the year are set out in note 23 to the consolidated financial statements and in the consolidated statement of changes in equity on pages 53 of the annual report respectively.

Distributable Reserves

The Company has no reserves, comprise share premium and accumulated losses, available for distribution to shareholders as at 31 December 2016 (2015: no reserves available for distribution).

Pursuant to the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of approximately HK\$302,796,000 (2015: approximately HK\$182,472,000) can be distributed in the form of fully paid shares.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors' Report

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Five Years Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 96. This summary does not form part of the audited financial statements.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities in the year ended 31 December 2016.

Directors

The directors of the Company during the year and up to the date of this annual report were:

Executive Directors:

Mr. Ng Chi Lung (Vice Chairman) *(appointed on 1 April 2016)*

Mr. Wu Lei *(appointed on 1 October 2016)*

Mr. Wong Hok Bun, Mario

Mr. Wong Lik Ping *(resigned on 6 January 2016)*

Mr. Liu Bing *(resigned on 1 January 2016)*

Ms. Wong Fung Chi *(resigned on 1 April 2016)*

Non-Executive Director:

Ms. Chen Jing *(appointed on 1 October 2016)*

Independent Non-Executive Directors:

Mr. Chan Chi Ming, Tony

Mr. Wu Shiming

Mr. Chan Wah

Directors' Report

In accordance with clause 87 of the Company's Bye-laws, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest but not less than one-third, shall retire from office by rotation. Accordingly, Mr. Chan Chi Ming, Tony and Mr. Wu Shiming will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with clause 86(2) of the Company's Bye-laws, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the shareholders of the Company in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the shareholders of the Company in general meeting. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting. Therefore, each of Mr. Wu Lei and Ms. Chen Jing will retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. Liu Bing, Mr. Wong Lik Ping and Ms. Wong Fung Chi resigned as executive directors of the Company on 1 January 2016, 6 January 2016 and 1 April 2016 respectively. They have confirmed that they have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Independence Confirmation

The Company has received from each of independent non-executive directors an annual confirmation of independence pursuant to the Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**") and considers all the independent non-executive directors to be independent.

Directors' Emoluments

Particulars as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 12 to the consolidated financial statements.

Biographical Details of Directors

Biographical details of the directors of the Company are set out on pages 30 to 31 of this Annual Report.

Directors' Report

Directors' Service Contracts

Mr. Ng Chi Lung, Mr. Wong Hok Bun Mario and Mr. Wu Lei have entered into service agreements with the Group. The service agreements shall be valid unless terminated by either party by giving a one month's written notice.

Mr. Chan Chi Ming, Tony, Mr. Wu Shiming and Mr. Chan Wah are independent non-executive directors and were appointed for a one-year term expiring on 21 May 2017, 21 May 2017 and 3 November 2017 respectively. Ms. Chen Jing is non-executive director and was appointed for a one-year term expiring on 30 September 2017.

Save as disclosed above, none of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Except for those disclosed in the section headed "Continuing Connected Transactions" below, no contract, transaction or arrangement of significance, to which the Company, its subsidiaries, its controlling shareholder or holding company or any of its subsidiaries was a party and in which a director of the Company or entity connected with a director is or was materially interested, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Share Option Scheme

Under the share option scheme of the Company adopted on 29 December 2009 ("**Share Option Scheme**"), the Board of the Company may, at its discretion, grant options to eligible employees and directors of the Group to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group.

Directors' Report

In the year ended 31 December 2016, the Directors, employees of the Group and other eligible participants were granted unlisted options under the 2009 Scheme, details of which are set out in note 22 of the consolidated financial statements.

In the year ended 31 December 2016, apart from the Share Option Scheme above, no rights were granted to the directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

Director's Rights To Acquire Securities

Save as disclosed in the section headed "Share Option Scheme", at no time during the year was the Company or the Company's subsidiaries or holding company or a subsidiary of the Company's holding company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors or chief executives of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities (or warrants or debentures, if applicable) of the Company or had exercised any such rights.

Update on Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in monthly salaries for the following executive directors of the Company under their respective service contracts are set out below:

Name of director	Previous Monthly salary	monthly salary (with effect from 1 August 2016)
Mr. Ng Chi Lung	HK\$100,000	HK\$110,000
Mr. Wong Hok Bun Mario	HK\$85,000	HK\$95,000

Note: For information in relation to the 2016 full year emoluments of the directors of the Company, please refer to note 12 to the consolidated financial statements.

Directors' Report

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

Name of Directors	Information of changes
Mr. Wu Shiming	resigned as an independent non-executive director of Pak Tak International Limited (Stock Code: 2668) on 31 August 2016
Mr. Chan Chi Ming, Tony	appointed as an executive director of Wan Kei Group Holdings Limited (stock code: 1718) on 4 November 2016 and appointed as a non-executive director of Hua Xia Healthcare Holdings Limited (stock code: 8143) on 11 November 2016
Mr. Liu Bing	Resigned as Executive Director on 1 January 2016
Mr. Wong Lik Ping	Resigned as Executive Director and Chairman on 6 January 2016
Ms. Wong Fung Chi	Appointed as Chairman on 6 January 2016 and resigned as Executive Director and Chairman on 1 April 2016

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' and Chief Executives' Long and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2016, none of the directors and the chief executives of the Company or any of their spouses or children under eighteen years of age has any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Directors' Report

Discloseable Interests and Short Positions of Persons other than Directors and Chief Executives

As at 31 December 2016, so far as known to the Directors or the chief executives of the Company, the following person is the shareholder (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

Long position in shares of the Company

Name of substantial shareholder	Capacity and Nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital <i>(note 2)</i>
Mr. You Zhenhua <i>(note 1)</i>	Beneficial Owner	1,040,000	0.02%
	Interest of a controlled corporation	2,669,921,100	50.73%

Notes:

1. Mr. You Zhenhua has a direct interest in 1,040,000 shares of the Company. In addition, Mr. You Zhenhua holds 65% interest of Wide Bridge Limited, which in turn holds 2,669,921,100 shares of the Company.
2. Based on the number of 5,262,819,836 Shares of the Company in issue as at 31 December 2016.

Save as disclosed above, the Company has not been notified of any persons other than substantial shareholders who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 December 2016.

Directors' Report

Retirement Benefits Schemes

The Group participates in mandatory provident fund scheme and Central Provident Funds scheme for employees in Hong Kong and Singapore respectively. In the first quarter of 2016, the Group also participates in retirement benefits schemes operated by the Taiwan government for Taiwan employees. In 2016, the Group had no forfeited contributions available to the pension schemes in future years.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the group's total	
	Sales	Purchases
The largest customer	51.2%	
Five largest customers in aggregate	99.6%	
The largest supplier		63.5%
Five largest suppliers in aggregate		100.0%

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in these major customers and suppliers.

Compliance with relevant laws and regulations

During the year, there were no areas of material non-compliance with applicable laws and regulations that have a significant impact on the Company known to the directors.

Directors' Report

Key relationships with employees, customers and suppliers and others

The Group recognises that employees are a valuable asset of the organisation and it is essential to attract and motivate good talent while balancing the interests of other stakeholders. Apart from a safe and healthy workplace, we offer a comprehensive remuneration and benefits package to our employees, training opportunities, equal opportunities and fairness at work for all as well as channels for staff communication. Staff social functions are arranged to enhance employees' sense of belonging and to help create a friendly and harmonious working environment. Salaries are reviewed and adjusted on a yearly basis, and from time to time, to ensure balancing pay for performance with shareholder alignment. The Group also recognises the importance of maintaining good relationship with its shareholders, customers and business partners in order to achieve long-term goals. Accordingly, the senior management maintains good communication and promptly exchanges ideas and shares the Group's business updates with these people.

During the year, there were no material and significant disputes between the Company or any of its subsidiaries and their respective employees, customers and suppliers, shareholders or business partners known to the directors.

Environmental Policies and Performance

The Group recognises the importance of environmental sustainability against modern ecological challenges. As a responsible corporate citizen, the Group has been actively taking steps to minimise the negative environmental impacts, reduce wastage and maximise energy efficiency which in turn provides a green and eco-friendly environment to the community. Green office practices such as double-sided printing and copying, promoting using recycled papers and reducing energy consumption by switching off idle lighting are encouraged in the operation of the Group's businesses. The Group will review its environmental practices from time to time and will consider implementing further practicable measures and practices to enhance environmental sustainability.

Continuing Connected Transactions

On 6 November 2015, Asia Develop Limited, a wholly-owned subsidiary of the Company, as lender (the "**Lender**"), Golden Empires Limited, as borrower (the "**Borrower**"), and Putian City Jin Di Huang Trading Company Limited* (莆田市金帝皇貿易有限公司), as mortgagor (the "**Mortgagor**") entered into a loan agreement (the "**Loan Agreement**") whereby the Lender agreed to lend and the Borrower agreed to borrow a loan of HK\$60 million for a term of 1 year from the date of the Drawdown subject to the terms and conditions set out in the Loan Agreement. The Loan is secured by a share mortgage.

Directors' Report

The principal terms of the Loan Agreement are as follows:

Principal amount:	HK\$60 million
Interest rate:	10% per annum, to be paid monthly
Loan period:	1 year
Repayment:	The Borrower shall repay the interests on a monthly basis and the principal amount at the end of the loan period
Early repayment:	Subject to the Lender's written consent, the Borrower may, with at least three (3) business days' prior written notice to the Lender, make early repayment of the balance of the loan that remains outstanding together with all interests accrued thereon
Security:	The loan is secured by the share mortgage executed by the Mortgagor in favour of the Lender by way of a share pledge over 20% issued share capital of Putian Di Yuan Properties Development Company Limited* (莆田帝源房地產開發有限公司), a company incorporated in the PRC with limited liability.

* for identification purpose only

According to the relevant size tests under the Listing Rules applicable to the Loan Agreement, the loan was a major transaction and shareholders' approval was obtained in the special general meeting held on 17 December 2015. Drawdown of the loan was made on 18 December 2015. Details of the loan are set out in the Company's announcement dated 6 November 2015 and circular dated 2 December 2015 respectively.

The Borrower and the Mortgagor is wholly-owned by Ms. Ng Yin, the elder sister of Mr. Ng Chi Lung, the executive Director and Vice Chairman of the Company appointed on 1 April 2016. The transaction thereunder has therefore become a continuing connected transaction of the Company since Ms. Ng Yin, the Borrower and the Mortgagor have become associates (as defined in Rule 14A.06 of the Listing Rules) of Mr. Ng Chi Lung pursuant to Rules 14A.12(2) (a) and 14A.12(2)(b) of the Listing Rules following the appointment of Mr. Ng Chi Lung as executive Director and Vice Chairman of the Company. Details of which are set out in note 26 of the consolidated financial statements.

The proposed annual cap for the above transaction for the year ended 31 December 2016 was HK\$66 million. The actual maximum exposure of loan and interest receivables under the Loan Agreement during the year ended 31 December 2016 was approximately HK\$62,659,000. The loan was fully repaid in October 2016.

Directors' Report

The aforesaid continuing connected transaction has been reviewed by independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transaction was entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transaction disclosed by the Group for the year ended 31 December 2016 in accordance with paragraph 14A.56 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Save as disclosed above, the Group has not entered into any other significant connected transactions or continuing connected transactions that are not exempt from annual reporting requirement in Chapter 14A of the Listing Rules during the year ended 31 December 2016, and these are no related party transactions that is connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the best knowledge of the Directors as at the date of this Annual Report, the Company has maintained sufficient public float as required under the Listing Rules.

Corporate Governance

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 32 to 42 of this Annual Report.

Indemnity of Directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout this year.

Directors' Report

Annual General Meeting

It is proposed that the annual general meeting of the Company to be held on 26 May 2017. Notice of the annual general meeting will be published and dispatched to the shareholders together with this Annual Report.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption the shareholders are entitled by reason of their holding of the Company's securities.

Auditor

The consolidated financial statements of the Company for the year ended 31 December 2016 were audited by ZHONGHUI ANDA CPA Limited ("**ZHONGHUI ANDA**") which would retire at the conclusion of the forthcoming annual general meeting ("**AGM**") and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders to re-appoint ZHONGHUI ANDA as auditors of the Company and to authorise the Board to fix their remuneration at the AGM.

The Company has appointed ZHONGHUI ANDA as auditors of the Company on 26 November 2015 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu.

Save as disclosed above, there were no other changes in auditor of the Company during the past three years.

ON BEHALF OF THE BOARD

Ng Chi Lung

Vice Chairman

Hong Kong, 22 March 2017

Biographical Details of Directors

Executive Directors

Mr. Ng Chi Lung, aged 28, was appointed as executive director and vice chairman of the Company on 1 April 2016. Mr. Ng Chi Lung has 7 years of experiences in founding new business and commercial management. Mr. Ng Chi Lung studied at Macquarie University (Major in Accounting) in Australia after obtained his diploma from the Sydney Institute of Business and Technology in year of 2009. Since February 2012, Mr. Ng Chi Lung founded and managed businesses including the scope of manufacturing and services sector. He was also an executive director of Yueshou Environmental Holdings Limited (stock code: 1191), the shares of which are listed on the Main Board of the Exchange, from 10 October 2014 to 31 March 2016. Mr. Ng Chi Lung holds directorship in certain subsidiaries of the Group, including Asia Develop Limited and King Topwell International Limited.

Mr. Wong Hok Bun Mario, aged 37, was appointed as company secretary of the Company on 14 July 2015 and as an executive director and Chief Financial Officer of the Company on 31 December 2015. Mr. Wong Hok Bun Mario holds a Bachelor of Economics and Finance from The University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA). Mr. Wong Hok Bun Mario is a CFA charterholder and a member of The Australasian Institute of Mining and Metallurgy (MAusIMM). He has over 14 years of experience in auditing, accounting, financial management and corporate finance.

Mr. Wu Lei, aged 29, was appointed as executive director of the Company on 1 October 2016. Mr. Wu Lei holds a Bachelor of Business Administration (Accountancy) with Honours from The National University of Singapore and has more than 5 years of experiences in accountancy and commodities trading and hedging. Mr. Wu Lei used to work in one of the big four international accounting firms. Before joining the Company, Mr. Wu Lei was a trader of an international commodity house, where he gained ample experience in commodity trading, futures trading, international hedging and financial management. Mr. Wu Lei holds directorship in certain subsidiaries of the Group, including Asia Develop Limited, King Topwell International Limited, Swift Win Holdings Limited, Bright Point International Securities Limited, Bright Point International Futures Limited and Bright Point Trading Pte. Ltd..

Non-executive Director

Ms. Chen Jing, aged 38, was appointed as non-executive director of the Company on 1 October 2016. Ms. Chen Jing obtained her Bachelor degree in English Language and Literature from Xiamen University in the PRC and Master degree in Law from Shandong University in the PRC. Ms. Chen Jing has over 10 years of experiences in the trading of metallurgical bulk commodities, seaborne logistics operations and risk management. She is currently the Deputy General Manager of a bulk commodities e-commerce platform company.

Biographical Details of Directors

Independent Non-executive Directors

Mr. Chan Chi Ming, Tony, aged 49, was appointed as independent non-executive director of the Company on 22 May 2015 and is currently the Chairman of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chan Chi Ming, Tony graduated from Australian National University, with a Bachelor Degree in Commerce (Major in Accounting). Mr. Chan Chi Ming, Tony is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia and has about 20 years' experience in the field of business advisory, accounting and auditing. Mr. Chan Chi Ming, Tony was formerly a senior manager of an international accounting firm and is currently the company secretary and authorised representative of Good Resources Holdings Limited (stock code: 109) and executive director of Wan Kei Group Holdings Limited (stock code: 1718), whose shares are listed on the Main Board of the Stock Exchange. Mr. Chan Chi Ming, Tony is also a non-executive director of Hua Xia Healthcare Holdings Limited (stock code: 8143), whose shares are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Wu Shiming, aged 41, was appointed as independent non-executive director of the Company on 22 May 2015 and is currently a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Wu Shiming is the executive director of Leyou Technologies Holdings Limited (stock code: 1089), whose shares are listed on the Main Board of the Stock Exchange. Mr. Wu Shiming is also the independent non-executive director of China Putian Food Holding Limited (stock code: 1699) and Yueshou Environmental Holdings Limited (stock code: 1191). He was an independent non-executive director of Pak Tak International Limited (stock code: 2668) from 24 September 2014 to 31 August 2016. All shares of which are listed on the Main Board of the Stock Exchange.

Mr. Wu Shiming has over 19 years of experiences in accounting and financial management. He is a qualified intermediate accountant and he obtained such qualification after he has passed the national examination jointly organised by the Ministry of Finance and the Ministry of Personnel of the PRC. Mr. Wu Shiming graduated from a course in foreign economic enterprise financial accounting at Jimei University in the PRC in 1995.

Mr. Chan Wah, aged 55, was appointed as independent non-executive director of the Company on 4 November 2015 and is currently a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chan Wah graduated from Fuqing Branch of Fujian Normal University in the PRC. Mr. Chan Wah has over 30 years' experience in the field of journalism, media and cultural sector and has published a number of articles in newspaper and magazines. Mr. Chan Wah is currently the assistant to Chairman of Good Fellow Group Limited. Mr. Chan Wah has participated in a number of community associations, including Hong Kong Federation of Fujian Associations Limited* (香港福建社團聯會) (director), Hong Kong Changle Association (香港長樂聯誼會) (executive vice president and secretary general), Hong Kong Association of Literature Advancement* (香港文學促進協會) (deputy director) and Hong Kong Books Review Association* (香港書評家協會) (executive director), etc.

* for identification purpose only

Corporate Governance Report

(A) Corporate Governance Practices

The Company is committed to maintain a high standard of corporate governance, holding the beliefs of transparency, independence, honesty and accountability, with a view to enhance investors' confidence. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Save and except for code provisions A.6.7, E.1.2, E.1.3 and A.2.1 (details of which are set out below), the Company has complied with all the Code Provisions and to a certain extent of the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 (the "**CG Code**") of the Listing Rules throughout the year ended 31 December 2016.

Under Code Provision A.6.7 of the CG Code, the independent non-executive directors and non-executive directors should attend general meetings of the Company. Mr. Wu Shiming was absent from the annual general meeting held on 9 May 2016 ("**2016 AGM**") due to his other business commitments.

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. Since the resignation of the Chairman of the Company on 1 April 2016, the role of Chairman has been vacant and temporarily acted by Mr. Ng Chi Lung, the Vice Chairman of the Company to fill the casual vacancy of the position of Chairman. Mr. Ng Chi Lung has attended 2016 AGM.

Under Code Provision E.1.3 of the CG Code, the Company should arrange for notice to shareholders to be sent for its annual general meeting at least 20 clear business days before the meeting. The 2016 AGM was held on 9 May 2016 with the notice for convening the 2016 AGM (the "**AGM Notice**") and the relevant circular to the Company's shareholders were dispatched on 15 April 2016. The notice period was less than 20 clear business days before the meeting. The Board was of the view that it was the best practicable date for the directors to attend the 2016 AGM as the directors each had different business commitments and appointments thereafter.

While the AGM Notice was sent to shareholders of the Company less than 20 clear business days before the 2016 AGM, the Company complied with the required notice period for its annual general meetings stipulated in its articles of association. The Board confirmed that it would have better time management in the future to avoid the matter happening again.

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer ("**CEO**") should be separated and should not be performed by the same individual. Since the resignation of CEO of the Company in 2013, and the resignation of the Chairman of the Company on 1 April 2016, the roles of CEO and Chairman have been vacant and temporarily acted by Mr. Ng Chi Lung, the Vice Chairman of the Company to fill the casual vacancy of the positions of CEO and Chairman. Given the current corporate structure, the roles of CEO and Chairman are temporarily handled by Mr. Ng Chi Lung as the Board has not identified suitable candidates to be appointed as CEO and Chairman. However, before any suitable candidates have been appointed as CEO and Chairman, the Board considers that it is appropriate and in the best interests of the Company to maintain the current arrangement as all major decisions are made in consultation with the Board members and the senior management of the Company.

Corporate Governance Report

The Board believes that Mr. Ng Chi Lung is able to maintain the continuity of the Company's policies and the stability of the Company's operations. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected. The Board would segregate the roles of the Chairman and CEO when suitable candidates are appointed as CEO and Chairman.

(B) Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. The Company has made specific enquiries with all directors of the Company and each of them confirmed that they have complied with the Model Code throughout the year ended 31 December 2016.

(C) Board Composition and Board Practices

The composition of the Board is shown on page 2 of this report. The Board currently comprises seven directors, including three executive directors, one non-executive director and three independent non-executive directors. One of the three independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise. The primary responsibilities of the Board are to establish long term strategies, administrate and oversee the operations and financial policies and supervising management of the Group. The Board delegates day-to-day operations of the Company to the management of the Group and also instructs the management to implement the Board's decisions and resolutions. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. The Company has received, from each of the independent non-executive directors, confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

All directors (including non-executive directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-Laws and the CG Code. In accordance with the Company's Bye-Laws, newly appointed director(s) is/are required to retire and can offer themselves for reelection at the first general meeting following their appointment.

Details of backgrounds and qualifications of the directors are set out in the section of "Biographical Details of Directors".

Corporate Governance Report

In 2016, the Board held 13 meetings to discuss the Group's overall strategy, operation and financial performance. In any event, all Directors were available for consultation by management from time to time during the year. The attendance of individual director to the Board meeting is set out on page 34 of this Annual Report. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company provides at least 14 days' notices of every Board meeting to all directors to give them an opportunity to attend. Board papers are circulated not less than 3 days before the Board meetings to enable the directors to make informed decisions on matters to be raised at the Board meetings.

During the financial year, the Company Secretary attended all the regular Board meetings to advise on corporate governance and statutory compliance when necessary. Directors had full access to information on the Group and were able to seek independent professional advice whenever deemed necessary by the Directors. The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings. All directors have access to the advice and services of the Company Secretary with a view to ensure that Board procedures, and all applicable rules and regulations, are followed.

The Board, Audit Committee, Remuneration Committee, Nomination Committee and the Independent Board Committee had held 13, 2, 5, 3 and 3 meetings respectively in 2016.

The attendance at the Board and respective Board Committees Meetings and Annual General Meeting held in 2016 are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Independent Board Committee	Annual General Meeting
<i>Executive Directors:</i>						
Ms. Wong Fung Chi	6/6	N/A	N/A	N/A	N/A	N/A
Mr. Wong Lik Ping	0/1	N/A	N/A	N/A	N/A	N/A
Mr. Liu Bing	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Ng Chi Lung	7/7	N/A	N/A	N/A	N/A	1/1
Mr. Wong Hok Bun, Mario	13/13	N/A	N/A	N/A	N/A	1/1
Mr. Wu Lei	1/1	N/A	N/A	N/A	N/A	N/A
<i>Non-Executive Director:</i>						
Ms. Chen Jing	1/1	N/A	N/A	N/A	N/A	N/A
<i>Independent Non-Executive Directors:</i>						
Mr. Chan Chi Ming, Tony	13/13	2/2	5/5	3/3	3/3	1/1
Mr. Wu Shiming	13/13	2/2	5/5	3/3	3/3	0/1
Mr. Chan Wah	10/13	2/2	5/5	3/3	3/3	1/1

Corporate Governance Report

(D) Continuous Professional Development

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh their knowledge and skills, the Company has regularly provided training information, encouraged and funded suitable trainings/seminars for the Directors to participate in continuous professional development. The Company also updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements from time to time to enhance their awareness of good corporate governance practices and to ensure compliance.

During the Year, all Directors who were in office as at 31 December 2016 have participated in continuous professional development by attending training courses and/or referring materials on the topics related to the Group's business, corporate governance and regulations:

Name of Director	Reading regulatory update	Attending expert briefings/seminars/conferences relevant to the business or directors' duties
Executive Directors:		
Ms. Wong Fung Chi (<i>resigned on 1 April 2016</i>)		
Mr. Liu Bing (<i>resigned on 1 January 2016</i>)		
Mr. Wong Lik Ping (<i>resigned on 6 January 2016</i>)		
Mr. Wong Hok Bun Mario	✓	✓
Mr. Ng Chi Lung (<i>appointed on 1 April 2016</i>)	✓	✓
Mr. Wu Lei (<i>appointed on 1 October 2016</i>)	✓	✓
Non-executive Director:		
Ms. Chen Jing (<i>appointed on 1 October 2016</i>)	✓	✓
Independent Non-executive Directors:		
Mr. Chan Chi Ming, Tony	✓	✓
Mr. Wu Shiming	✓	✓
Mr. Chan Wah	✓	✓

Corporate Governance Report

(E) Company Secretary

The Company Secretary is responsible for facilitating the exchange of information flows and communicating among Directors as well as between Shareholders and management of the Company. All Directors have access to the advice and assistance of the Company Secretary. The Company Secretary is also responsible for ensuring that Board procedures are followed. The Company Secretary's biography is set out in the Biographical Details of Directors section of this Annual Report. The Company Secretary is an employee of the Company and is appointed by the Board. During the Year, the Company Secretary has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

(F) Chairman and Chief Executive Officer

Under Code Provision A.2.1 of the CG Code, the role of chairman and chief executive should be separated and should not be performed by the same individual. The Board acknowledges that the principle of the code provision A.2.1 is to clearly separate the management of the Board from the daily management of the Company so as to ensure balance of power and authority. Since the resignation of CEO in 2013 and since the resignation of Chairman on 1 April 2016, the Company has no officer with the title of CEO nor Chairman and the roles are temporarily acted by Vice Chairman of the Company since 1 April 2016 and until a new candidate is appointed as CEO and Chairman of the Company respectively. Although this is a deviation from the Code Provision on A.2.1, the Board considers that this arrangement is appropriate and in the best interests of the Company at the present stage for Mr. Ng Chi Lung to hold both positions as it helps to maintain the continuity of the Company's policies and the stability of the Company's operations. As the Board meets regularly to consider matters relating to business operations of the Company, the Board is of the view that such arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of the corporate planning and implementation of corporate strategies and decisions will not be affected.

(G) Non-executive Directors

Under Code Provision A.4.1 of the CG Code, non-executive director should be appointed for a specific term, subject to re-election. The Company has entered into service contracts with non-executive directors of the Company for a term of one year on the date of appointment and be renewed annually. Their directorships of which are all subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

Corporate Governance Report

(H) Remuneration Committee

The Company established a remuneration committee ("**Remuneration Committee**") in 2005 with written terms of reference in accordance with the relevant requirements of the CG Code. The composition of the Remuneration Committee is shown on page 2 of this Annual Report. The Remuneration Committee currently comprises three independent non-executive directors, namely, Mr. Chan Chi Ming, Tony (Chairman of the Remuneration Committee), Mr. Wu Shiming and Mr. Chan Wah. The members' attendance to the Remuneration Committee meeting is listed out on page 34. The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive and non-executive directors, including benefits in kind, pension rights and compensation payments (such as compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board on the remuneration package of the Directors and senior management. The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence. The Remuneration Committee should consider factors such as the salaries index, time commitment and responsibilities of the directors in determining emoluments payable to the directors.

The summary of work done by the remuneration committee during the year includes determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts.

Details of the Directors' remuneration are set out in note 12 to the consolidated financial statements.

(I) Nomination Committee

The Company established a nomination committee ("**Nomination Committee**") in 2013 with written terms of reference in compliance with the CG Code. The Nomination Committee currently comprises of three independent non-executive directors, namely Mr. Chan Chi Ming, Tony (Chairman of the Nomination Committee), Mr. Wu Shiming and Mr. Chan Wah.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identify individuals suitably qualified to become Board members, and assess the independence of independent non-executive directors and make recommendations to the Board on the selection of individuals nominated for directorships and succession planning for directors, in particular the chairman and the chief executive.

The summary of work done by the nomination committee during the year includes determining the policy for the nomination of directors, the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship.

Corporate Governance Report

The Nomination Committee has adopted a board diversity policy (the “**Policy**”) setting out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to race, gender, age, cultural and educational background, professional experience, skills and knowledge. Such measurable objectives have been achieved during the Year. The Nomination Committee will review the Policy, as appropriate, to ensure its continued effectiveness.

(J) Audit Committee

The Company has an audit committee (“**Audit Committee**”) which was established in accordance with the requirements of the CG Code for the purposes of reviewing and supervising the Group’s financial reporting process, risk management and internal controls. The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The primary roles and functions of the Audit Committee are to review and monitor integrity of the financial reporting process, risk management and internal controls systems of the Group. The Audit Committee is also responsible for considering the appointment of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions would lead to any potential material adverse effect on the Company. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Chan Chi Ming, Tony (Chairman of the Audit Committee), Mr. Wu Shiming and Mr. Chan Wah. The members’ attendance to the Audit Committee meeting is listed out on page 34. During the Year, the Audit Committee held two meetings to review the annual and interim results, to evaluate the Group’s financial reporting process and to make recommendations to improve the Company’s risk management and internal control systems, the effectiveness of the issuer’s internal audit function, and its other duties under the CG Code. Draft minutes were circulated to members of the Audit Committee within a reasonable time after each meeting. No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he ceases to be a partner of the auditing firm.

(K) Auditors’ Remuneration

The remuneration in respect of audit and non-audit services for the year ended 31 December 2016 provided by the Company’s auditor, ZHONGHUI ANDA CPA Limited, are HK\$460,000 and HK\$55,000 respectively.

Corporate Governance Report

(L) Risk Management and Internal Control

During the Year, the Group has complied with Principle C.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2016, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analyzing risks to achieve the Group’s objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

Corporate Governance Report

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.
- refer to inside information policy and procedures for more procedures.

Based on the internal control reviews conducted in 2016, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit (“IA”) function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via Audit Committee afterwards.

Corporate Governance Report

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the reviews made by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

(M) Communication with Shareholders

At the 2016 AGM, a separate resolution was proposed by the Chairman of that meeting in respect of each separate issue, including the re-election of directors. The Vice Chairman of the Board, and chairmen of the Audit, Remuneration and Nomination Committees, or in absence of the chairman of such committees, any member from the respective committees, attended the 2016 AGM to address shareholders' queries. The Company establishes different communication channels with shareholders and investors: (i) shareholders can receive printed copies of corporate information, (ii) the general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) the Company's website offers communication channel between the Company and its shareholders and investors; and (iv) the Company's Sub-Registrar and Transfer Agent in Hong Kong serve the shareholders respecting all share registration matters.

The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

To promote effective communication, the Company maintains a website at <http://www.990.com.hk>, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Corporate Governance Report

(N) Shareholders' Rights

Pursuant to the bye-law 58 of the Bye-laws of the Company, members holding at the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all time have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 (as amended).

The shareholders who intend to make enquiries of or obtain information shall give prior written notice to the Company, and the Company shall provide such information as soon as possible. Enquiries with the Board of Directors or the Company may be posted to the principal place of business in Hong Kong of the Company, the address of which is Suite 3604, 36/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, with telephone number: (852) 3565 5988, being available at normal business hours.

(1) Any number of shareholder(s) representing not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the meeting to which requisition relates; or (2) not less than 100 shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981 (as amended).

(O) Constitutional Documents

A printed copy of the memorandum and articles of association of the Company has been published on the websites of the Company and the Stock Exchange. There has been no changes in the Company's constitutional documents during the year ended 31 December 2016.

(P) Directors' Responsibility for the Financial Statements

The directors of the Company acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The directors of the Company also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 47 to 50 of this Annual Report.

Environmental, Social and Governance Report

1. About ESG Report

This is the first Environmental, Social and Governance Report (the “**ESG Report**”) for the Group. The ESG Report elaborates the various work of the Group in fully implementing the principle of sustainable development and its performance of social and governance in the Year. For information relating to corporate governance, please refer to the “Corporate Governance Report” on pages 32 to 42.

1.1 Scope of Report

The ESG Report focused on the Group’s sustainability approach and its environmental and social performance of the loan financing services business and distribution and trading business in Hong Kong from 1 January to 31 December 2016. The Group will continue to strengthen its efforts in information collection in order to enhance the environmental and social performance and to disclose related information in future.

1.2 Reporting Guideline

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Listing Rules.

1.3 Stakeholder Engagement

Our employees from different divisions of the Group were involved in helping us to recognise our sustainability performance. The data were carefully collected and analysed, highlighting not only the Group’s sustainable initiatives for the Year, but also the Group’s short-term and long-term sustainability strategies. The Group will increase the stakeholders’ engagement via constructive dialogue, with a view to driving long-term prosperity.

1.4 Contact

If you have any comments and suggestions about the ESG report, please feel free to contact us at general@990.com.hk.

Environmental, Social and Governance Report

2. Green Operation

2.1 Energy Conservation

As an environmentally friendly corporate, the Group bears the responsibility to protect the nature. The Group has carried out many initiatives to reduce energy consumption, including encouraging our employees to switch off unnecessary lights and electronic equipment while not in use, maximizing the use of natural lighting, dividing the office area into different light zones using separate lighting switches, controlling the temperature of the air-conditioners to be set at an energy-efficient level (best at 24-26 °C), allowing our employees to dress light wearing no ties and full suits in office, hanging curtains to reduce heat gain in order to reduce the use of air conditioning, etc.

The Group has also taken some measures to increase the energy efficiency of equipment, such as installing energy-saving light bulbs and high-performance electrical equipment, keeping light fixtures and lamps clean, and cleaning the air filters of air-conditioners regularly. The Group collected electricity data on a monthly basis to monitor power consumption and made appropriate improvement.

2.2 Emission

To reduce carbon emission, the Group chooses to hold telephone or video conference instead of unnecessary overseas business travel in order to minimize greenhouse gas emission generated by the flights in business operation. As a service-based company, our business operation mainly takes place in offices. Since our offices are located in leased office premises where both water supply and discharge are solely controlled by the management office of the building, the data of water consumption is not able to be obtained.

Since the Group's business does not involve in manufacturing activities, the solid waste is mainly generated in daily office operations. The Group has adopted the "3Rs" principle as our waste management strategy. The Group implements the policy of double-sided printing and copying and disseminate information by electronic means whenever possible to reduce the consumption of paper. The Group promotes reducing the use of disposable and non-recyclable products. Our staffs are encouraged to reduce the use of one-off stationeries and equipment and use more refillable stationeries instead. The Group also sets up some recycling bins to collect the used paper products. For hazardous wastes, the Group collects all toner cartridges for recycling after use.

Environmental, Social and Governance Report

3. Employee

3.1 Employment Standard

The Group complies with the Employment Ordinance of Hong Kong and all other relevant Hong Kong employment laws and regulations that deal with working hours and rest periods. The employees of the Group are employed in accordance with the requirements of law and regulations. The Group verifies the age of the applicants by checking documents, such as ID card, academic certificates, etc., to avoid employment of child labor during the recruitment process. Our recruitment and promotion are executed on a fair and open basis. The Group does not tolerate any form of discrimination on grounds of gender, race, skin color, age, religion and national origin. Before every employee officially takes office, the Group will provide him/her with the job descriptions of the position, clearly stating the duties and responsibilities of the role to prevent any forced labor. Whenever an employee resigns, an interview would be arranged to understand the reasons of resignation and to improve the Group's operation.

3.2 Benefits and Development

Employees are our most valuable asset and the Group values their rights and welfare. The salary structure is reviewed annually to ensure that the Group offers competitive remuneration package to our employees. Except basic salary, the Group also offers discretionary bonus based on the individual performance of the employees and our financial performance. Statutory holidays are provided in accordance with the relevant national and regional regulations. Our employees can enjoy different types of leave, including annual leave, compensation leave, sick leave, maternity leave, etc.

The Group organised internal training to develop our employees' potential to support the Group's sustainable development. Employees are encouraged to attend external talks and seminars to enrich their knowledge in discharging their duties.

3.3 Health and Safety

Work safety is the cornerstone of the sustainable development of the Group. The Group strictly complies with law and regulation regarding occupational health and safety, such as the Occupational Safety and Health Ordinance of Hong Kong. The Group has established emergency policies, such as fire or explosion emergency plan. Rescue, fire and evacuation drills are conducted regularly to increase their awareness and involvement in accident prevention. The Group also creates a pleasant and comfortable workplace for our employees by carrying out many measures. These include provision of adjustable seats, provision of sufficient storage space for avoiding overcrowded desk area, regular maintenance or replacement of office equipment, and placement of objects and tools at the appropriate height for easy extraction, etc.

Environmental, Social and Governance Report

4. Operation Practices

4.1 Supply Chain Management

The Group relies on a range of suppliers to provide us commodities for our distribution and trading business. Green procurement principle is taken into consideration during the procurement process. The Group is committed to purchasing commodities which are mined from operations legally established with all necessary permits obtained. We clearly inform potential suppliers of our expectations, policies and requirements during our procurement process to minimize the social risks caused by the supply chain. The Group monitors the performance of suppliers continuously. The Group will suspend its cooperation with any supplier found to be inconsistent with the Group's policy until the situation has been improved.

4.2 Protect Client

The Group is committed to building a relationship of mutual trust with our customers. The Group collects and evaluates the customers' feedback and act swiftly to address the potential quality and safety issues in order to satisfy the needs of customers. The Group is committed to safeguarding our customers' personal information. The Group complies strictly with the law and regulation of privacy matter, such as the Personal Data (Privacy) Ordinance of Hong Kong. The personal information of our customers is collected and used in a responsible and non-discriminatory manner by restricting the use of information to consistent purposes identified in the contract. The Group also take steps to upgrade our security features on computer system to safeguard the customers' personal information. The Group implement ongoing measures to identify and monitor the risk of privacy to protect customer's information.

4.3 Anti-corruption

The Group strictly complies with the law and regulation regarding bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance of Hong Kong. The Group has established the conduct code that includes provisions for conflicts of interest, privacy, bribery and anti-corruption. To effectively prohibit commercial bribes, kickbacks or similar payoffs or benefits paid by any suppliers or clients, employees are prohibited from receiving anything with a significant value from the parties related to the Group. The Group also adopt a whistle-blowing policy to protect whistleblowers.

5. Community Investment

Over the years, the Group has focused on charitable activities to show our grateful hearts to the community. The Group strongly encourage our staff to join various volunteer works.

Independent Auditor's Report



TO THE SHAREHOLDERS OF THEME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Theme International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 51 to 95, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loans to customers and trade and bills receivables and interest receivables

Refer to notes 17 and 18 to the consolidated financial statements

The Group tested the recoverability for the amount of loans to customers and trade and bills receivables and interest receivables. This recoverability test is significant to our audit because the balances of loans to customers and trade and bills receivables and interest receivables of approximately HK\$5,390,000 and HK\$558,203,000 respectively as at 31 December 2016 are material to the consolidated financial statements. In addition, the Group's recoverability test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;
- Assessing aging of the debts;
- Checking subsequent settlements from the customers;
- Assessing the value of the collateral for the debts; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's recoverability test for loans to customers and trade and bills receivables and interest receivables is supported by the available evidence.

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Pang Hon Chung

Audit Engagement Director

Practising Certificate Number P05988

Hong Kong, 22 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	6	1,581,947	55,044
Cost of sales		(1,569,092)	(42,418)
Gross profit		12,855	12,626
Other income, gain and loss	7	(662)	(473)
Selling and distribution expenses		(600)	(17,665)
Administrative expenses		(35,506)	(18,215)
Loss from operations		(23,913)	(23,727)
Gain on disposal of subsidiaries	8	–	444
Loss on disposal of a joint venture		–	(93)
Finance costs	9	(1,643)	–
Loss before taxation		(25,556)	(23,376)
Income tax	10	(381)	(7)
Loss for the year attributable to owners of the Company	11	(25,937)	(23,383)
Other comprehensive income/(loss):			
<i>Item that has been reclassified to profit or loss:</i>			
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		–	115
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		197	(801)
		197	(686)
Total comprehensive loss for the year attributable to owners of the Company		(25,740)	(24,069)
Loss per share			
– Basic and diluted (HK cents per share)	14	(0.50)	(0.55)

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	15	575	771
Current assets			
Inventories	16	–	122,083
Loans to customers	17	5,390	65,000
Trade and bills receivables and interest receivables	18	558,203	6,381
Prepayments, deposits and other receivables	19	72,862	1,173
Cash and bank balances		27,432	12,272
		663,887	206,909
Current liabilities			
Trade payables	20	460,428	125,042
Accruals and other payables		1,414	1,222
Current tax liabilities		388	7
		462,230	126,271
Net current assets		201,657	80,638
NET ASSETS		202,232	81,409
Capital and reserves			
Share capital	21	13,157	10,965
Reserves		189,075	70,444
TOTAL EQUITY		202,232	81,409

The consolidated financial statements on pages 51 to 95 were approved and authorised for issue by the board of directors on 22 March 2017 and are signed on its behalf by:

Ng Chi Lung
Director

Wu Lei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital HK\$'000	Share premium account HK\$'000	Share- based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2015	9,140	69,825	83,161	(4,516)	(166,604)	(8,994)
Total comprehensive loss for the year	-	-	-	(686)	(23,383)	(24,069)
Issue of new shares (note 21(i))	1,825	112,647	-	-	-	114,472
Lapse of share options (note 22)	-	-	(4,965)	-	4,965	-
At 31 December 2015 and 1 January 2016	10,965	182,472	78,196	(5,202)	(185,022)	81,409
Total comprehensive loss for the year	-	-	-	197	(25,937)	(25,740)
Issue of new shares (note 21(ii))	2,192	120,324	-	-	-	122,516
Equity-settled share-based transaction (note 22)	-	-	24,047	-	-	24,047
Lapsed/cancelled share options (note 22)	-	-	(102,243)	-	102,243	-
At 31 December 2016	13,157	302,796	-	(5,005)	(108,716)	202,232

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities		
Loss before taxation:	(25,556)	(23,376)
Adjustments for:		
Net reversal of allowance for obsolete inventories	(903)	(1,724)
Interest income on bank deposits	(4)	(17)
Finance costs	1,643	–
Reversal of dividend payable	–	(7)
Depreciation of property, plant and equipment	168	1,415
(Gain)/loss on disposal of property, plant and equipment	(22)	1,858
Share-based compensation expenses	24,047	–
Gain on disposal of subsidiaries	–	(444)
Loss on disposal of a joint venture	–	93
Operating cash flows before working capital changes	(627)	(22,202)
Change in inventories	122,984	(111,473)
Change in trade and bills receivables	(551,731)	(2,870)
Change in loans to customers	59,610	(65,000)
Change in interest receivables	(91)	(340)
Change in prepayments, deposits and other receivables	(71,689)	3,953
Change in trade payables	335,337	107,878
Change in accruals and other payables	191	(2,762)
Cash used in operations	(106,016)	(92,816)
Interest received	4	17
Net cash used in operating activities	(106,012)	(92,799)
Cash flows from investing activities		
Payment to a joint venture	–	(103)
Purchase of property, plant and equipment	(13)	(1,988)
Proceeds from disposal of property, plant and equipment	64	329
Proceeds from disposal of subsidiaries	–	3,067
Proceeds from disposal of a joint venture	–	10
Net cash generated from investing activities	51	1,315

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Cash flows from financing activities		
Repayment of loans from a shareholder	–	(35,000)
Interest paid	(1,643)	–
Net proceeds from issue of new shares	122,516	114,472
Net cash generated from financing activities	120,873	79,472
Net increase/(decrease) in cash and cash equivalents	14,912	(12,012)
Effect of changes in foreign exchange rates	248	(937)
Cash and cash equivalents at beginning of year	12,272	25,221
Cash and cash equivalents at end of year	27,432	12,272
Analysis of cash and cash equivalents		
Cash and bank balances	27,432	12,272

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. General Information

Theme International Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The address of its registered office is Claredon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Suite 3604, 36/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 27 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the “**Group**”.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. Significant Accounting Policies

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company (the “**Directors**”) to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements, are further disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of subsidiaries that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company’s share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated profit or loss as part of the gain or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and equipment	15%
Furniture and fixtures at:	
Shops	over the lease term
Sales counters and offices	20%
Office equipment	20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Trade and other receivables (continued)

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of the revenue can be measured reliably.

Revenue comprises the fair value of the consideration for the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts allowed and after eliminating sales within the Group. Revenue is recognised as follows:

- (a) Revenue from the sale of garments and goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the garments and goods are delivered to customers and title has passed to the customers.
- (b) Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments of Directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions, with a corresponding increase in a capital reserve in equity.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense, with a corresponding increase in a capital reserve in equity.

The equity amount is recognised in the share-based payment reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profit).

Where an option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to and assessing the performance of the Group's various lines of business in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

5. Financial Risk Management

The Group's activities expose it to a variety of financial risks; foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the cash and bank balance, trade, bills, interest and other receivables and loans to customers receivable included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each debtor. At 31 December 2016, the Group has certain concentration of credit risk of approximately HK\$557,755,000 of trade and bills receivables (2015: approximately HK\$65,000,000 of the total loans to customers) which was arising from the Group's largest two (2015: two) debtors respectively.

The Group has policies in place to ensure that sales on credit terms and loans are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that no provision for uncollectible receivables is required.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer terms.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

5. Financial Risk Management (continued)

(d) Interest rate risk

The Group's loans to customers of HK\$5,390,000 (2015: HK\$65,000,000) bear interests at fixed rates and therefore are subject to fair value interest rate risks.

As the Group has no other significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in marked interest rate.

6. Revenue and Segment Information

(a) Revenue

An analysis of the Group's revenue for the year is as follows:

	2016 HK\$'000	2015 HK\$'000
Sales from trading of goods	1,576,354	33,225
Interest income from loans to customers	4,850	730
Retailing of garments	743	21,089
	1,581,947	55,044

(b) Segment information

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and making strategic decision.

During the year ended 31 December 2016, the Group's reportable and operating segments are as follows:

- (i) Distribution and trading – trading of chemical materials and commodities in Hong Kong and Singapore;
- (ii) Loan financing services – provision of funds and financial services in Hong Kong; and
- (iii) Retailing of garments – operation of retail outlets and department store counters in Taiwan.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

6. Revenue and Segment Information (continued)

(b) Segment information (continued)

Segment information and results:

The follow is an analysis of the Group's revenue and results by reportable segments:

Year ended 31 December 2016

	Distribution and trading HK\$'000	Loan financing services HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
Revenue	1,576,354	4,850	743	1,581,947
Segment profit/(loss)	6,048	1,904	(729)	7,223
Unallocated other income, gain and loss				(685)
Finance costs				(1,643)
Share-based compensation expenses				(24,047)
Corporate expenses				(6,404)
Loss before taxation				(25,556)

Year ended 31 December 2015

	Distribution and trading HK\$'000	Loan financing services HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
Revenue	33,225	730	21,089	55,044
Segment profit/(loss)	75	(3,620)	(12,319)	(15,864)
Unallocated other income, gain and loss				1,455
Gain on disposal of subsidiaries				444
Loss on disposal of a joint venture				(93)
Corporate expenses				(9,318)
Loss before taxation				(23,376)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

6. Revenue and Segment Information (continued)

(b) Segment information (continued)

Segment information and results: (continued)

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, certain other gains and losses, finance costs and taxation. This is the measure reporting to the executive directors for the purposes of resource allocation and making strategic decision.

Segment assets and liabilities:

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 December 2016

	Distribution and trading HK\$'000	Loan financing services HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
Segment assets	643,307	7,676	147	651,130
Unallocated property, plant and equipment				16
Unallocated prepayments, deposits and other receivables				2,380
Unallocated cash and bank balances				10,936
Consolidated assets				664,462
Segment liabilities	457,318	31	3,585	460,934
Unallocated accruals and other payables				1,296
Consolidated liabilities				462,230

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

6. Revenue and Segment Information (continued)

(b) Segment information (continued)

Segment assets and liabilities: (continued)

As at 31 December 2015

	Distribution and trading HK\$'000	Loan financing services HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
Segment assets	128,002	66,805	4,251	199,058
Unallocated property, plant and equipment				6
Unallocated prepayments, deposits and other receivables				560
Unallocated cash and bank balances				8,056
Consolidated assets				207,680
Segment liabilities	121,627	91	3,836	125,554
Unallocated accruals and other payables				717
Consolidated liabilities				126,271

Other segment information:

	Loan financing services HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
Year ended 31 December 2016			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Depreciation of property, plant and equipment	160	5	165

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

6. Revenue and Segment Information (continued)

(b) Segment information (continued)

Other segment information: (continued)

	Loan financing services HK\$'000	Retailing of garments HK\$'000	Total HK\$'000
Year ended 31 December 2015			
<i>Amounts included in the measure of segment results or segment assets:</i>			
Additions of property, plant and equipment	802	662	1,464
Depreciation of property, plant and equipment	83	1,047	1,130

Geographical information:

	Revenue		Non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	1,181,287	33,955	575	725
Singapore	399,917	–	–	–
Taiwan	743	21,089	–	46
	1,581,947	55,044	575	771

In presenting the geographical information, revenue is based on the location where the business activities were carried out.

Information about major customers:

Revenue from three (2015: one) customers from the Group's distribution and trading business segment contributing over 10% of the total revenue of the Group represents approximately HK\$1,454,285,000 (2015: approximately HK\$27,139,000) of the Group's total revenue.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

7. Other Income, Gain and Loss

	2016 HK\$'000	2015 HK\$'000
Interest income on bank deposits	4	17
Exchange loss, net	(771)	(335)
Gain/(loss) on disposal of property, plant and equipment	22	(1,858)
Others	83	1,703
	(662)	(473)

8. Disposal of Subsidiaries

On 9 April 2015, the Group disposed of its entire interests in City Code Investments Limited and its subsidiary, Zhongshan City Hewan Stone Technology Limited* (中山市合萬石材科技有限公司). The principal activity of City Code Investments Limited was investment holding and Zhongshan City Hewan Stone Technology Limited* was previously principally engaged in trial production of environmental building materials.

Net assets at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	2,225
Inventories	482
Prepayment, deposits and other receivables	44
Cash and bank balances	3,759
Accruals and other payables	(243)
Shareholder's loan	(8,411)
Net assets disposed of	(2,144)
Assignment of the shareholder's loan	8,411
Release of foreign currency translation reserve	115
Direct cost to the disposal	14
Gain on disposal of subsidiaries	444
Total consideration – satisfied by cash	6,840
Net cash inflow arising on disposal:	
Cash consideration received	6,840
Cash paid for direct cost	(14)
Cash and cash equivalents disposed of	(3,759)
	3,067

* for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

9. Finance Costs

	2016 HK\$'000	2015 HK\$'000
Bills discounting interest expenses	1,643	–

10. Income Tax

	2016 HK\$'000	2015 HK\$'000
Current tax	381	7

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits in respect of the Group's operating entities in Hong Kong for the year. Singapore Corporate Income Tax is provided using the Singapore standard rate of income tax of 17% for the year ended 31 December 2016. The profit tax rate prevailing in Taiwan is 17% for both years and no provision for Taiwan profit tax was made in both years as the Company and its subsidiaries have no assessable profit arising in Taiwan.

The reconciliation between the income tax and loss before tax is as follows:

	2016 HK\$'000	2015 HK\$'000
Loss before taxation	25,556	23,376
Notional tax on loss before taxation, calculated at the rates applicable in the jurisdiction concerned	(4,217)	(3,906)
Tax effect on income that is not taxable	(89)	(245)
Tax effect of expenses that are not deductible	4,139	325
Over provision in respect of prior years	(6)	–
Utilisation of tax losses previously not recognised	(680)	–
One-off tax reduction	(98)	–
Tax losses not recognised	1,332	3,833
	381	7

At the end of the reporting period, subject to agreement with tax authorities, the Group has unused tax losses of approximately HK\$374,706,000 (2015: approximately HK\$409,049,000) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unused tax losses are losses of approximately HK\$36,042,000 (2015: approximately HK\$48,705,000) that will expire on or before 2025 (2015: expire on or before 2024), other tax losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

11. Loss for the Year

The Group's loss for the year is stated after charging the following:

	Notes	2016 HK\$'000	2015 HK\$'000
Cost of inventories recognised as expenses (included net reversal of allowance of approximately HK\$903,000 (2015: approximately HK\$1,724,000) for obsolete inventories)	(a)	1,569,092	42,418
Depreciation of property, plant and equipment		168	1,415
Auditor's remuneration		543	500
Operating lease rentals in respect of rented premises		1,199	7,221
Directors' remuneration (note 12)	(b)	8,014	2,800
Consultancy fees	(b)	19,118	–
Other staff costs	(b)		
– salaries, bonuses and allowances		2,195	12,012
– retirement benefits scheme contributions		59	472
		2,254	12,484

Notes:

- (a) Excess obsolete inventory provisions were reversed when the relevant inventories were sold.
- (b) Equity-settled share-based payment comprised share-based payment to Directors, employees and other qualified persons of which approximately HK\$4,836,000, HK\$93,000 and HK\$19,118,000 are included in Directors' remuneration, other staff costs and consultancy fees respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

12. Directors' and Senior Management's Emoluments

(a) Directors' emoluments

The remuneration of each Director for the year ended 31 December 2016 is set out below:

	Notes	Fees HK\$'000	Salary and allowance HK\$'000	Equity-settled share-based payment HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>						
Mr. Liu Bing	1	-	-	-	-	-
Mr. Ng Chi Lung	2	-	1,063	3,651	13	4,727
Ms. Wong Fung Chi	3	-	161	-	5	166
Mr. Wong Lik Ping	4	-	-	-	-	-
Mr. Wong Hok Bun, Mario		-	1,209	912	18	2,139
Mr. Wu Lei	6	-	272	-	17	289
<i>Non-executive director:</i>						
Ms. Chen Jing	6	60	-	-	-	60
<i>Independent non-executive directors:</i>						
Mr. Chan Wah		120	-	91	-	211
Mr. Wu Shiming		120	-	91	-	211
Mr. Chan Chi Ming, Tony		120	-	91	-	211
		420	2,705	4,836	53	8,014

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

12. Directors' and Senior Management's Emoluments (continued)

(a) Directors' emoluments (continued)

The remuneration of each Director for the year ended 31 December 2015 is set out below:

	Notes	Fees HK\$'000	Salary and allowance HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>					
Mr. Liu Bing		–	2,080	18	2,098
Ms. Wong Fung Chi	3	–	426	11	437
Mr. Wong Lik Ping		–	–	–	–
Mr. Wong Hok Bun, Mario	5	–	–	–	–
<i>Non-executive director:</i>					
Mr. Huang Bin	9	–	–	–	–
<i>Independent non-executive directors:</i>					
Mr. Kee Wah Sze	10	25	–	–	25
Mr. Chan Pat Lam	9	51	–	–	51
Mr. To Yan Ming Edmond	10	25	–	–	25
Mr. Goh Choo Hwee	9	51	–	–	51
Mr. Chan Wah	7	19	–	–	19
Mr. Wu Shiming	8	47	–	–	47
Mr. Chan Chi Ming, Tony	8	47	–	–	47
		265	2,506	29	2,800

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

12. Directors' and Senior Management's Emoluments (continued)

(a) Directors' emoluments (continued)

Notes:

1. Resigned on 1 January 2016
2. Appointed on 1 April 2016
3. Appointed on 22 May 2015 and resigned on 1 April 2016
4. Resigned on 6 January 2016
5. Appointed on 31 December 2015
6. Appointed on 1 October 2016
7. Appointed on 4 November 2015
8. Appointed on 22 May 2015
9. Resigned on 4 November 2015
10. Resigned on 31 May 2015

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2015: two) are Directors whose emoluments are disclosed in note 12(a) above. The aggregate of the emoluments in respect of the five individuals with the highest emoluments (including the Directors) are as follows:

	2016	2015
	HK\$'000	HK\$'000
Salaries and allowances	3,387	4,742
Equity-settled share-based payments	4,561	–
Retirement benefit scheme contributions	65	79
	8,013	4,821

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

12. Directors' and Senior Management's Emoluments (continued)

(b) Five highest paid individuals (continued)

The emoluments of the five individuals with the highest emoluments are within the following bands:

	2016	2015
Nil to HK\$1,000,000	3	4
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$4,500,001 to HK\$5,000,000	1	–

Save as disclosed above, for the two years ended 31 December 2016 and 2015, no other emoluments had been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

13. Dividend

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2016 (2015: Nil).

14. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company was based on the loss for the year attributable to owners of the Company of approximately HK\$25,937,000 (2015: approximately HK\$23,383,000) and the weighted average number of approximately 5,200,519,000 (2015: approximately 4,277,820,000) ordinary shares in issue during the year.

(b) Diluted loss per share

Diluted loss per share does not assume the exercise of the Company's share options as the exercise of the Company's share options would result in a decrease in loss per share.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

15. Property, Plant and Equipment

	Plant and equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
At 1 January 2015	1,057	18,134	438	19,629
Additions	519	710	759	1,988
Disposals	–	(15,147)	(178)	(15,325)
Disposals of subsidiaries	(1,535)	(611)	(259)	(2,405)
Exchange adjustments	2	(141)	(1)	(140)
At 31 December 2015 and 1 January 2016	43	2,945	759	3,747
Additions	–	13	–	13
Disposals	(43)	(2,890)	–	(2,933)
Exchange adjustments	–	(5)	–	(5)
At 31 December 2016	–	63	759	822
Accumulated depreciation:				
At 1 January 2015	52	14,755	201	15,008
Charge for the year	104	1,220	91	1,415
Elimination on disposal	–	(12,975)	(163)	(13,138)
Elimination on disposal of subsidiaries	(111)	(18)	(51)	(180)
Exchange adjustments	(2)	(126)	(1)	(129)
At 31 December 2015 and 1 January 2016	43	2,856	77	2,976
Charge for the year	–	16	152	168
Elimination on disposal	(43)	(2,849)	–	(2,892)
Exchange adjustments	–	(5)	–	(5)
At 31 December 2016	–	18	229	247
Carrying amount:				
At 31 December 2016	–	45	530	575
At 31 December 2015	–	89	682	771

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

16. Inventories

	2016	2015
	HK\$'000	HK\$'000
Finished goods	–	122,083

17. Loans to Customers

	2016	2015
	HK\$'000	HK\$'000
Loans to customers	5,390	65,000

The fixed-rate loans to customers of HK\$5,390,000 (2015: HK\$65,000,000) as at 31 December 2016 under the Group's loan financing services operation represent loan advances to one (2015: two) independent third party(ies) which is secured by personal guarantee (2015: pledge of certain shares in a private company and personal guarantee). The interest rate for the loans to customers was 12% (2015: ranging from 10% to 15.6%) per annum.

The loan made available to customers depends on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aging analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. There are no loans to customers which were past due at the end of reporting period and the Directors consider that no impairment was necessary.

Aging analysis

Aging analysis of loans to customers prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2016	2015
	HK\$'000	HK\$'000
Less than 1 month	–	60,000
7 to 12 months	5,390	5,000
	5,390	65,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

17. Loans to Customers (continued)

Aging analysis (continued)

Aging analysis of loans to customers prepared based on contractual due date is as follows:

	2016 HK\$'000	2015 HK\$'000
Not yet past due	5,390	65,000

Loans to customers that were neither past due nor impaired related to customers for whom there was no recent history of default. Impairment provisions are recognised for financial reporting purposes only for losses that have incurred at the end of reporting period based on objective evidence of impairment.

A summary of the principal of the collateralised and non-collateralised loans to customers at the end of the reporting period is as follows:

	2016 HK\$'000	2015 HK\$'000
Collateralised	–	60,000
Non-collateralised but with guarantee	5,390	5,000
	5,390	65,000

The fair value of collaterals, as assessed by the management, at loans' inception date is not less than the principal amount of the relevant loans.

18. Trade and Bills Receivables and Interest Receivables

	2016 HK\$'000	2015 HK\$'000
Trade and bills receivables	557,772	6,041
Interest receivables	431	340
	558,203	6,381

Trade and bills receivables as at 31 December 2016 mainly represent receivables from trading customers and relevant bills issuing banks in relation to the sale of commodities (2015: receivables from department stores in relation to the collection of sales proceeds from concessionaire sales of merchandise to customers). The majority of the Group's sales in the year are on letter of credit or document against payment. The remaining sales are with average credit period of 5 to 90 days (2015: 90 days).

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For the year ended 31 December 2016

18. Trade and Bills Receivables and Interest Receivables (continued)

The aging analysis of trade and bills receivables and interest receivables, based on the invoice due date or interest due date, and net of allowance, is as follows:

	2016 HK\$'000	2015 HK\$'000
Not yet due or within 90 days	558,187	6,378
91 days to 180 days	–	3
Over 360 days	16	–
	558,203	6,381

The Group has policy of providing allowance for bad and doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment including credit worthiness and past collection history of each debtor.

In determining the recoverability of the trade and bills receivables and interest receivables, the Group considers any changes in the credit quality of the trade and bills receivables and interest receivables from the date credit was initially granted up to the end of the reporting period. Accordingly, the Directors believe that no allowance for bad and doubtful debts is required. No allowance for bad and doubtful debts are provided for trade and bills receivables and interest receivables during the year and at the end of the reporting period.

19. Prepayments, Deposits and Other Receivables

	2016 HK\$'000	2015 HK\$'000
Trade deposits	70,082	–
Prepayments	1,008	671
Deposits and other receivables	1,772	502
	72,862	1,173

As at 31 December 2016, trade deposits were paid to a major supplier for the purchases of commodities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

20. Trade Payables

	2016 HK\$'000	2015 HK\$'000
Trade payables	460,428	125,042

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2016 HK\$'000	2015 HK\$'000
Within 90 days	456,966	121,629
Over 360 days	3,462	3,413
	460,428	125,042

21. Share Capital

	Notes	Number of ordinary shares of HK\$0.0025 each (‘000)	HK\$'000
Authorised:			
At 31 December 2015 and 31 December 2016		200,000,000	500,000
Issued and fully paid:			
At 1 January 2015		3,655,820	9,140
Issue of shares on placement	(i)	730,000	1,825
At 31 December 2015 and 1 January 2016		4,385,820	10,965
Issue of new shares under subscription	(ii)	877,000	2,192
At 31 December 2016		5,262,820	13,157

Note:

- (i) On 24 February 2015, 730,000,000 new ordinary shares of par value of HK\$0.0025 each of the Company were issued under a share placement (the “**February 2015 Placement**”) at a placing price of HK\$0.161 each at an aggregate consideration of approximately HK\$117,530,000, of which approximately HK\$1,825,000 was credited to share capital and the remaining balance of approximately HK\$112,647,000 (net of issuing expenses of approximately HK\$3,058,000) was credited to the share premium account. Details of the February 2015 Placement were set out in the Company’s announcements dated 6 February 2015 and 24 February 2015.
- (ii) On 15 January 2016, the Company entered into a subscription agreement (the “**January 2016 Subscription**”) with Hua Lang Limited to allot and issue 877,000,000 new shares of par value of HK\$0.0025 each of the Company at a subscription price of HK\$0.14 each at an aggregate consideration of approximately HK\$122,780,000. The subscription agreement has been fulfilled and the completion of the January 2016 Subscription took place on 27 January 2016, of which approximately HK\$2,192,000 was credited to share capital and the remaining balance of approximately HK\$120,324,000 (net of issuing expenses of approximately HK\$264,000) was credited to the share premium account. Details of the January 2016 Subscription are disclosed in the Company’s announcements dated 15 January 2016 and 27 January 2016.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

21. Share Capital (continued)

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the two years ended 31 December 2016 and 2015.

The capital structure of the Group consists of debt and equity attributable to owners of the Company, comprising share capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities to total assets. The gearing ratios at 31 December 2016 and 2015 were as follows:

	2016 HK\$'000	2015 HK\$'000
Total liabilities	462,230	126,271
Total assets	664,462	207,680
Gearing ratio	70%	61%

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22. Equity-Settled Share Option Scheme

The Share Option Scheme of the Company (the “**2009 Scheme**”) was adopted by the Company on 29 December 2009.

The purpose of the 2009 Scheme is to encourage the eligible participants to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees. A stronger business relationship will accordingly be established by the Group with the participants. Eligible participants of the 2009 Scheme include any employee, business associates and trustee.

The 2009 Scheme shall be valid and effective for a period of 10 years commencing from the approval of the 2009 Scheme.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2009 Scheme shall not exceed 10% of the total number of shares in issue on 9 May 2016 when the share option limit was refreshed at the annual general meeting. The maximum number of shares issuable under share options to each eligible participant in the 2009 Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at anytime. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Any grant of option to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors. In addition, any share options granted to a substantial shareholder of the Company or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer. The share option may be exercised at any time during the option period, which is determinable by the Company’s Board of Directors and will not exceed 10 years from the date of grant of the options.

The exercise price of the share options is determinable by the Company’s Board of Directors, but may not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet on the date of the offer of the share options; (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company’s shares.

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22. Equity-Settled Share Option Scheme (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 6 April 2016, the Company granted 201,000,000 share options to certain of its Directors, employees and other eligible participants at the exercise price of HK\$0.27 per share and are vested and exercisable immediately. The closing share price at date of grant on 6 April 2016 was HK\$0.27.

The fair values of the share options granted in 2016 were determined using the Binomial Tree Option Pricing Model. Significant inputs into the calculation included expected volatilities of 54.13%, estimated expected life of 10 years, risk-free interest rate of 1.199% and dividend yield of 0%. The Binomial Tree Option Pricing Model was developed for use in estimating the fair value of traded options and requires input of highly subjective assumptions, including the expected life and stock price volatility. Since the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, the Binomial Tree Option Pricing Model does not necessarily provide a reliable measure of the fair value of the share options.

The fair values of the share options granted in 2016, measured at the date of grant, were approximately HK\$24,047,000. As the options are vested immediately, the amounts are recognised as share-based compensation expenses in profit or loss at the date of grant. An aggregate amount of approximately HK\$24,047,000 has been charged as directors' remuneration, other staff cost and consultancy fees during the year (2015: Nil). The corresponding amount has been credited to the share-based payment reserve.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

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For the year ended 31 December 2016

22. Equity-Settled Share Option Scheme (continued)

The following tables disclose movements in the Company's share options during both years:

2016

	Notes	Outstanding at 1 January 2016	Granted during the year	Reclassified during the year	Lapsed/ cancelled during the year (note 7)	Outstanding at 31 December 2016	Grant date	Exercisable period	Exercise price
Directors									
Mr. Wong Lik Ping	1	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Mr. Ng Chi Lung		-	40,000,000	-	(40,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Wong Hok Bun, Mario		-	10,000,000	-	(10,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Chan Chi Ming, Tony		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Wu Shiming		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Mr. Chan Wah		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Sub-total		3,000,000	53,000,000	(3,000,000)	(53,000,000)	-			
Other employees									
Other employees	2	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Other employee		-	1,000,000	-	(1,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Others		127,000,000	-	-	(127,000,000)	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Others	3	6,000,000	-	-	(6,000,000)	-	15 April 2010	15 April 2012 – 30 November 2016	HK\$1.70
Others	5	12,500,000	-	-	(12,500,000)	-	15 April 2010	15 April 2012 – 28 February 2017	HK\$1.70
Others	4	6,000,000	-	-	(6,000,000)	-	15 April 2010	15 April 2012 – 3 May 2017	HK\$1.70
Others	1	-	-	3,000,000	(3,000,000)	-	15 April 2010	15 April 2012 – 5 July 2017	HK\$1.70
Others	2	-	-	3,000,000	(3,000,000)	-	15 April 2010	15 April 2012 – 31 July 2017	HK\$1.70
Others		-	147,000,000	-	(147,000,000)	-	6 April 2016	6 April 2016 – 5 April 2026	HK\$0.27
Total		157,500,000	201,000,000	-	(358,500,000)	-			

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22. Equity-Settled Share Option Scheme (continued)

2015

	Notes	Outstanding at 1 January 2015	Granted during the year	Reclassified during the year	Lapsed during the year	Outstanding at 31 December 2015	Grant date	Exercisable period	Exercise price
Directors									
Mr. Wong Lik Ping		3,000,000	-	-	-	3,000,000	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Mr. Huang Bin	4	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Mr. Kee Wah Sze	3	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Mr. Chan Pat Lam	4	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Mr. To Yan Ming, Edmond	3	3,000,000	-	(3,000,000)	-	-	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Sub-total		15,000,000	-	(12,000,000)	-	3,000,000			
Other employees	5	15,500,000	-	(12,500,000)	-	3,000,000	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Others		127,000,000	-	-	-	127,000,000	15 April 2010	15 April 2012 – 14 April 2020	HK\$1.70
Others	6	10,000,000	-	-	(10,000,000)	-	15 April 2010	15 April 2012 – 30 April 2015	HK\$1.70
Others	3	-	-	6,000,000	-	6,000,000	15 April 2010	15 April 2012 – 30 November 2016	HK\$1.70
Others	5	-	-	12,500,000	-	12,500,000	15 April 2010	15 April 2012 – 28 February 2017	HK\$1.70
Others	4	-	-	6,000,000	-	6,000,000	15 April 2010	15 April 2012 – 3 May 2017	HK\$1.70
Total		167,500,000	-	-	(10,000,000)	157,500,000			

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22. Equity-Settled Share Option Scheme (continued)

Notes:

1. Mr. Wong Lik Ping resigned as executive director on 6 January 2016. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from his resignation.
2. Some employees resigned during the year ended 31 December 2016. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
3. Mr. Kee Wah Sze and Mr. To Yan Ming Edmond resigned as independent non-executive directors on 31 May 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
4. Mr. Huang Bin and Mr. Chan Pat Lam resigned as non-executive director and independent non-executive director respectively on 4 November 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
5. Some employees resigned during the year ended 31 December 2015. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from their resignation.
6. 10,000,000 share options were granted to Mr. Ma Chi Shing. Mr. Ma Chi Shing resigned as executive director on 31 October 2013. In accordance with the 2009 Scheme, the respective share options are exercisable within 18 months from his resignation and were lapsed on 30 April 2015.
7. 358,500,000 share options was lapsed or cancelled during the year ended 31 December 2016, as a result of the general offers made by Wide Bridge Limited to acquire all the issued shares of the Company and to cancel all outstanding options of the Company (other than those already owned by Wide Bridge Limited and parties acting in concert with it). The share-based payment reserve balance is released to accumulated losses upon the share options were either cancelled or lapsed during the year ended 31 December 2016.

No share option was exercised under the 2009 Scheme during the years ended 31 December 2016 and 2015. 358,500,000 share options under the 2009 Scheme were lapsed or cancelled during the year ended 31 December 2016 (2015: nil). There were no share options outstanding as at 31 December 2016 (2015: 157,500,000 share options outstanding).

Apart from the 2009 Scheme, during the years ended 31 December 2016 and 2015, no rights were granted to the directors, chief executives of the Company, or any of their spouses or children under 18 years of age to subscribe for equity or debt securities of the Company.

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23. Reserves

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium account HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2015	69,825	83,161	(171,956)	(18,970)
Loss for the year	–	–	(20,038)	(20,038)
Issue of new shares (note 21(i))	112,647	–	–	112,647
Lapse of share options (note 22)	–	(4,965)	4,965	–
At 31 December 2015 and 1 January 2016	182,472	78,196	(187,029)	73,639
Loss for the year	–	–	(26,158)	(26,158)
Issue of new shares (note 21(ii))	120,324	–	–	120,324
Equity-settled share-based transaction (note 22)	–	24,047	–	24,047
Lapsed/cancelled share options (note 22)	–	(102,243)	102,243	–
At 31 December 2016	302,796	–	(110,944)	191,852

(c) Nature and purpose of reserves

(i) Share premium account

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981 (as amended).

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

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24. Operating Lease Commitments

Leases for office premises are negotiated for terms ranging from 1 to 3 years. At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Land and buildings	
	2016	2015
	HK\$'000	HK\$'000
Within one year	3,059	1,129
In the second to fifth years, inclusive	7,177	95
	10,236	1,224

25. Statement of Financial Position of the Company

	2016	2015
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	4	6
Investments in subsidiaries	78,002	2
Amounts due from subsidiaries	114,779	77,859
	192,785	77,867
Current assets		
Prepayments, deposits and other receivables	2,380	561
Cash and bank balances	10,711	8,056
	13,091	8,617
Current liabilities		
Accruals and other payables	867	718
Amounts due to subsidiaries	–	1,162
	867	1,880
Net current assets	12,224	6,737
NET ASSETS	205,009	84,604
Equity		
Share capital	13,157	10,965
Reserves	191,852	73,639
TOTAL EQUITY	205,009	84,604

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

26. Related Party Transactions

Except for the related party transactions disclosed elsewhere in the consolidated financial statements, the Group has the following material transactions with its related parties as defined in HKAS 24 and/or connected person as defined in the Listing Rules during the year:

	2016	2015
	HK\$'000	HK\$'000
Interest income from Golden Empires Limited (<i>note</i>)	2,659	–

Note:

On 31 March 2016, Mr. Ng Chi Lung was appointed as executive director, vice chairman and authorised representative of the Company with effect from 1 April 2016. As Golden Empires Limited and Putian City Jin Di Huang Trading Company Limited* (莆田市金帝皇貿易有限公司) are wholly-owned by Ms. Ng Yin, the elder sister of Mr. Ng Chi Lung, the newly appointed executive director and vice chairman of the Company, while the terms of the loan agreement remain unchanged, the transaction thereunder has become a continuing connected transaction of the Company since Ms. Ng Yin, Golden Empires Limited, Putian City Jin Di Huang Trading Company Limited* (莆田市金帝皇貿易有限公司) have become related parties of the Company following the appointment of Mr. Ng Chi Lung as executive director and vice chairman of the Company.

Interest income from Golden Empires Limited for the period from 1 April 2016 (the date of which Golden Empires Limited becomes a related party) to 31 December 2016 was approximately HK\$2,659,000.

* *for identification purpose only*

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

27. Particulars of Principal Subsidiaries of the Company

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the principal subsidiaries as at 31 December 2016 and 2015 are as follows:

Name of the subsidiary	Place of incorporation/ registration/ operation	Issued and paid-up share capital/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2016	2015	
Access Sino Limited	BVI	US\$1	100%	100%	Investment holding
Swift Win Holdings Limited	BVI	US\$1	100%	N/A	Investment holding
Asia Develop Limited	Hong Kong	HK\$1	100%	100%	Loan financing services
King Topwell International Limited	Hong Kong	HK\$1	100%	100%	Distribution and trading
Bright Point International Securities Limited	Hong Kong	HK\$1	100%	N/A	Dormant
Bright Point International Futures Limited	Hong Kong	HK\$1	100%	N/A	Dormant
Bright Point Trading Pte. Ltd.	Singapore	US\$10,000,000	100%	N/A	Distribution and trading
Da Hua Li Company Limited	Taiwan	NTD8,000,000	100%	100%	Dormant
Taiwan Vision Company Limited	Taiwan	NTD80,000,000	100%	100%	Dormant

28. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 22 March 2017.

Five Years Financial Summary

RESULTS

	For the year ended 31 December				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	1,581,947	55,044	77,492	87,274	89,762
Loss before taxation	(25,556)	(23,376)	(22,253)	(15,289)	(43,234)
Income tax	(381)	(7)	–	(52)	(52)
Loss for the year attributable to owners of the Company	(25,937)	(23,383)	(22,253)	(15,341)	(43,286)

ASSETS AND LIABILITIES

	As at 31 December				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Total assets	664,462	207,680	47,651	55,887	70,612
Total liabilities	(462,230)	(126,271)	(56,645)	(43,494)	(43,193)
Net assets/(liabilities)	202,232	81,409	(8,994)	12,393	27,419